



**CITY OF SAN DIEGO FIRST-TIME HOMEBUYER PROGRAM
FOR MIDDLE-INCOME (80% - 150% AMI) HOUSEHOLDS**

GUIDELINES

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PURPOSE

This procedure describes the San Diego Housing Commission (Housing Commission/SDHC) Middle-Income First-Time Homebuyer (FTHB) Program, eligibility requirements, and procedure for submitting applications.

DESCRIPTION

The San Diego Housing Commission offers a down payment and closing cost assistance program to help households earning between 80% and 150% of the area median income (“AMI”) with the purchase of a home in the City of San Diego.

These guidelines contain the requirements pertaining to the program funding sources as well as the Housing Commission Lending Policy 600.101. The Housing Commission may revise the procedures from time to time, terminate and/or place the program on hold at its sole discretion. Additionally, the Housing Commission may require borrowers to provide additional information and/or supporting documentation necessary to determine eligibility for the program.

Funding will be issued on a first-come first-approved basis. Borrower(s) must be under contract for a home purchase.

This program cannot be used in conjunction with other SDHC First-Time Homebuyer programs or the Affordable For-Sale Housing Program.

PROGRAM ASSISTANCE

- **\$40,000 Down Payment Assistance Loan; plus**
- **\$10,000 Closing Cost Assistance Grant.**

LOAN TERMS

Interest Rate: 4%

Term: 15 years

The Loan is deferred with no monthly payments required during years 1 through 5. Beginning in year 6, the outstanding principal and interest will be converted to an amortized loan with fixed monthly payments for a period of 120 months. There is no prepayment penalty, and payments can be made at any time.

The Loan also becomes due if property is sold, leased, conveyed, cash out refinance, transferred or further encumbered within the 15 years.

Borrowers will execute a Promissory Note and Deed of Trust.

GRANT TERMS

The Closing Cost Assistance Grant will be forgiven at the end of 3 years if the property remains owner occupied.

ELIGIBILITY REQUIREMENTS

Income Limit	80% - 150% AMI (<i>see income limits below</i>)
Purchase Price Limit	\$1,250,000
Maximum Debt-to-Income (DTI) Ratio	50%: 720 or better FICO, No Derogatory Credit in the last 3 years, 2 years most recent and continuous employment history; otherwise 45%.
Credit	<ul style="list-style-type: none"> • DTI up to 45% - Middle credit score of <u>640</u> or better. All borrowers, including non-borrowing spouse, must have an acceptable credit history with no more than two 30-day lates or one 60-day late and zero 90-day or greater lates in the previous three years. • DTI between 45% and 50% - Middle credit score of <u>720</u> or better. All Borrowers, including non-borrowing spouse, must have an excellent credit history with no late payments, derogatory credit, collections, judgements, charge-offs, foreclosure or bankruptcy in the last three years.
Down Payment - Minimum	1.5% of purchase price (1% must be from buyers' liquid savings seasoned for 2 months, not from retirement or gift. Retirement and/or gift can be used for the remainder of down payment.)
Down Payment – Maximum	20% (including down payment from personal savings and gift)
Maximum Liquid Assets Reserves at close of escrow (excludes retirement)	\$50,000
Maximum Liquid Assets in the 2 months prior to opening escrow. (excludes retirement)	Equal to the maximum income limit as adjusted for family size. (including personal savings and gift)

INCOME LIMITS (MINIMUM / MAXIMUM) *Effective April 2025*

Household Size	Minimum Income 80% AMI	Maximum Income 150% AMI
1	\$92,700	\$137,350
2	\$105,950	\$156,950
3	\$119,200	\$176,600
4	\$132,400	\$196,200
5	\$143,000	\$211,900
6	\$153,600	\$227,600
7	\$164,200	\$243,300
8	\$174,800	\$259,000

OCCUPANCY REQUIREMENT

The subject property must be occupied as the primary residence of the borrower. Not occupying the property while the loan is outstanding will result in the principal and interest becoming immediately due along with default interest of 10%. Program participants must notify the SDHC to arrange payoff of their loan prior to moving out of the property or refinancing their first mortgage.

FIRST-TIME HOMEBUYER REQUIREMENT

Qualified applicants and all household members over the age of 18 must be a first-time homebuyer. A First-Time Homebuyer is defined as a person who has not owned a home within the last three years. This includes ownership of property in another country. Applicant still meets the definition of FTHB if they own(ed) a mobile home that is not fixed to permanent foundation; however, the mobile home must be sold prior to purchase of the subject property.

Subordinate financing at time of purchase is allowed provided the loan is forgiven after a period of time or deferred with no payments required for 30 years. Subordinate financing documents must record junior to SDHC loans/grants.

See the City of San Diego Program Guidelines on the [SDHC website](#) for Income Calculation, DTI, and Credit requirements.

ELIGIBLE PROPERTIES

Eligible properties include existing single family detached homes, condominiums, townhomes, and manufactured homes located in the City of San Diego. **The HQS / Property Standards Inspection is not required by SDHC.**

Due to limited funding, new construction developments will be subject to a cap of four units per project that can receive program assistance. Similarly, in an effort to make funding available to a wide spectrum of buyers across a widespread geographic area within the City of San Diego, each participating loan officer may be subject to a cap of three applications each fiscal year. SDHC reserves the right to adjust the caps in the event additional funds become available.

HOMEBUYER EDUCATION REQUIREMENT

All borrowers, and any non-borrowing spouse must **complete Pre-Purchase Counseling AND Homebuyer Education.** These are two different classes, both are required.

Borrower(s) must use a HUD-certified provider from the SDHC approved Homebuyer Education Provider list which can be downloaded from the [SDHC website](#).

ELIGIBLE FIRST MORTGAGE

The Middle-Income program can be used only with a 30-year fixed-rate conventional, FHA, or VA. Permanent interest rate buy downs are allowed; however, temporary interest rate buy downs and/or payment subsidies are not permitted.

HOW TO APPLY

Interested buyers must work with a loan officer from SDHC's Participating Lender List which can be downloaded from the [SDHC website](#). The loan officer will be the primary point of contact

from pre-approval to loan closing. The loan officer collects all required documentation and submits the application on the borrower's behalf to SDHC.

Participating Lenders: The First-Time Homebuyer program will operate utilizing the same processes as the current low-income (up to 80% AMI) First-Time Homebuyer Program. See the Submission, Processing and Funding section of the City of San Diego Guidelines published on the SDHC website at: <https://sdhc.org/housing-opportunities/first-time-homebuyers/participating-lenders/>

Penalties for Misrepresentation by Applicant or Lender / Loan Officer

Strict penalties may be imposed on any applicant, Participating Lender, Loan Officer or participating lender staff, making a material misstatement, misrepresentation or fraudulent act on documents, emails and/or as part of SDHC's lender portal application submitted to the Housing Commission. Any negligent material misstatement or misrepresentation in any application, affidavit, certification, or email made in connection with the application for the SDHC's programs may result in the imposition of a) civil liability on the applicant, participating lender, loan officer or their staff, including monetary damages, if SDHC suffers any loss because SDHC relied on any misrepresentation that was made on the application, and/or b) criminal penalties on the applicant, participating lender, loan officer or their staff including, but not limited to, fine or imprisonment or both under the provisions of Federal law (18 U.S.C. §§ 1001 *et seq.*). Any applicant or participating loan officer found to have made a material misstatement, misrepresentation or fraudulent act on documents, emails and/or SDHC's lender portal submitted to the Housing Commission will be banned from applying for or working with SDHC programs.



The San Diego Housing Commission (SDHC) is committed to affirmatively furthering fair housing by promoting fair and equal housing opportunities for individuals living in the City of San Diego. This commitment extends to all housing programs managed or owned by SDHC and to all grant-funded programs provided by SDHC. It is the policy of SDHC to provide services without regard to race, color, religion, national origin, ancestry, age, gender, familiar status or physical/mental disability. For more on our commitment to affirmatively furthering fair housing visit our website at www.sdhc.org